UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2005

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission file number 1-5152

PacifiCorp
(Exact name of registrant as specified in its charter)

STATE OF OREGON (State or other jurisdiction of incorporation or organization)	**93-0246090** (I.R.S. Employer Identification No.)
825 N.E. Multnomah Street, Portland, Oregon (Address of principal executive offices)	**97232** (Zip Code)

503-813-5000
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes [ ] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

As of November 4, 2005, there were 335,530,280 shares of common stock outstanding. All shares of outstanding common stock are indirectly owned by Scottish Power plc, 1 Atlantic Quay, Glasgow, G2 8SP, Scotland.

“Externally rated” represents enterprise relationships that have published ratings from at least one major credit rating agency. “Internally rated” represents those relationships that have no rating by a major credit rating agency. For those relationships, PacifiCorp utilizes internally developed, commercially appropriate rating methodologies and credit scoring models to develop a public rating equivalent.

The “Non-investment grade – Internally rated” component of PacifiCorp’s overall credit exposure continued to increase during the six months ended September 30, 2005 due to upward movement in forward electricity prices at certain points of delivery, which increased the market value of contracts with a small number of non-investment grade counterparties. These contracts support PacifiCorp’s Integrated Resource Plan and Oregon’s electric energy restructuring legislation as it relates to renewable energy projects, as well as compliance with a FERC regulatory order requiring PacifiCorp to purchase power from qualifying facilities.

Interest Rate Risk

PacifiCorp is exposed to risk resulting from changes in interest rates as a result of its issuance of variable-rate debt and commercial paper. PacifiCorp manages its interest rate exposure by maintaining a blend of fixed-rate and variable-rate debt and by monitoring the effects of market changes in interest rates. Changing interest rates will affect interest paid on variable-rate debt and interest earned by PacifiCorp's pension plan assets, mining reclamation trust funds and cash balances. PacifiCorp's principal sources of variable-rate debt are commercial paper and pollution-control revenue bonds remarketed on a periodic basis. Commercial paper is periodically refinanced with fixed-rate debt when needed and when interest rates are considered favorable. PacifiCorp may also enter into financial derivative instruments, including interest rate swaps, swaptions and United States Treasury lock agreements, to manage and mitigate interest rate exposure. PacifiCorp does not anticipate using financial derivatives as the principal means of managing interest rate exposure. PacifiCorp’s weighted-average cost of debt is recoverable in rates. Increases or decreases in interest rates are reflected in PacifiCorp’s cost of debt calculation as rate cases are filed. Any adverse change to PacifiCorp's credit rating could negatively impact PacifiCorp's ability to borrow and the interest rates that are charged.

As of September 30, 2005, PacifiCorp had $838.0 million of variable-rate liabilities and $97.3 million of temporary cash investments. At September 30, 2005, PacifiCorp had no financial derivatives in effect relating to interest rate exposure.

Based on a sensitivity analysis as of September 30, 2005, for a one-year horizon, PacifiCorp estimated that if market interest rates average 1.0% higher (lower), interest expense, net of offsetting impacts in interest income, would increase (decrease) by $7.4 million. Comparatively, based on a sensitivity analysis as of September 30, 2004, for a one-year horizon, had interest rates averaged 1.0% higher (lower), PacifiCorp estimated that interest expense, net of offsetting impacts in interest income, would have increased (decreased) by $6.5 million. These amounts include the effect of invested cash and were determined by considering the impact of the hypothetical interest rates on the variable-rate securities outstanding as of September 30, 2005 and 2004. The increase in interest rate sensitivity was primarily due to the increase in outstanding variable-rate commercial paper, partially offset by the increase in invested cash. If interest rates changed significantly, PacifiCorp might take actions to manage its exposure to the change. However, due to the uncertainty of the specific actions that might be taken and their possible effects, the sensitivity analysis assumes no changes in PacifiCorp's financial structure.

Commodity Price Risk

PacifiCorp's exposure to market risk due to commodity price change is primarily related to its fuel and electricity commodities, which are subject to fluctuations due to unpredictable factors, such as weather, electricity demand and plant performance, that affect energy supply and demand. PacifiCorp's energy purchase and sales activities are governed by PacifiCorp's risk management policy and the risk levels established as part of that policy.

PacifiCorp's energy commodity price exposure arises principally from its electric supply obligation in the western United States. PacifiCorp manages this risk principally through the operation of its generation plants with a net capability of 8,261.4 MW, as well as transmission rights held both on some of its own 15,530-mile transmission system and on third-party transmission systems, and through its wholesale energy purchase and sales activities. Wholesale contracts are utilized primarily to balance PacifiCorp's physical excess or shortage of net electricity for future time periods. Financially settled contracts are utilized to further mitigate commodity price risk. PacifiCorp may from time to time enter into other financially settled, temperature-related derivative instruments that reduce volume and price risk on days with weather extremes. In addition, a financially settled hydroelectric streamflow hedge is in place through September 2006 to reduce volume and price risks associated with PacifiCorp's hydroelectric generation resources.

PacifiCorp measures the market risk in its electricity and natural gas portfolio daily, utilizing a historical Value-at-Risk ("VaR") approach and other measurements of net position. PacifiCorp also monitors its portfolio exposure to market risk in comparison to established thresholds and measures its open positions subject to price risk in terms of quantity at each delivery location for each forward time period.

VaR computations for the electricity and natural gas commodity portfolio are based on a historical simulation technique, utilizing historical price changes over a specified (holding) period to simulate potential forward energy market price curve movements to estimate the potential unfavorable impact of such price changes on the portfolio positions scheduled to settle within the following 24 months. The quantification of market risk using VaR provides a consistent measure of risk across PacifiCorp's continually changing portfolio. VaR represents an estimate of possible changes at a given level of confidence in fair value that would be measured on its portfolio assuming hypothetical movements in future market rates and is not necessarily indicative of actual results that may occur.

PacifiCorp's VaR computations for its electricity and natural gas commodity portfolio utilize several key assumptions, including a 99.0% confidence level for the resultant price changes and a holding period of five business days. The calculation includes short-term derivative commodity instruments held for risk mitigation and balancing purposes, the expected resource and demand obligations from PacifiCorp's long-term contracts, the expected generation levels from PacifiCorp's generation assets and the expected retail and wholesale load levels. The portfolio reflects flexibility contained in contracts and assets, which accommodate the normal variability in PacifiCorp's demand obligations and generation availability. These contracts and assets are valued to reflect the variability PacifiCorp experiences as a load-serving entity. Contracts or assets that contain flexible elements are often referred to as having embedded options or option characteristics. These options provide for energy volume changes that are sensitive to market price changes. Therefore, changes in the option values affect the energy position of the portfolio with respect to market prices, and this effect is calculated daily. When measuring portfolio exposure through VaR, these position changes that result from the option sensitivity are held constant through the historical simulation to avoid understating VaR.

As of September 30, 2005, PacifiCorp's estimated potential five-day unfavorable impact on fair value of the electricity and natural gas commodity portfolio over the next 24 months was $25.2 million, as measured by the VaR computations described above, compared to $14.4 million as of September 30, 2004. The increase in VaR as of September 30, 2005 as compared to September 30, 2004 was partially due to a change in the load forecast, which was updated in August 2005. The updated load forecast indicated lower expected loads during the 24-month VaR measurement period, resulting in an increase in VaR. The minimum, average and maximum daily VaR (five-day holding periods) for the three and six months ended September 30, 2005 are as follows:

(Millions of dollars)	Three Months Ended September 30, 2005	Six Months Ended September 30, 2005
Minimum VaR (measured)	$ 8.0	$ 6.7
Average VaR (calculated)	17.4	14.5
Maximum VaR (measured)	46.2	46.2

PacifiCorp maintained compliance with its VaR limit procedures during the six months ended September 30, 2005. Changes in markets inconsistent with historical trends or assumptions used could cause actual results to exceed predicted limits.

Fair Value of Derivatives

The following table shows the changes in the fair value of energy-related contracts subject to the requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, from March 31, 2005 to September 30, 2005, and quantifies the reasons for the changes.

(Millions of dollars)	Net Asset (Liability) Trading	Net Asset (Liability) Non-trading	Regulatory Net Asset (Liability) (b)
Fair value of contracts outstanding at March 31, 2005	$ 0.2	$ (154.4)	$ 170.0
Contracts realized or otherwise settled during the period	(0.1)	(21.5)	12.5
Other changes in fair values (a)	0.2	284.6	(321.7)
Fair value of contracts outstanding at September 30, 2005	$ 0.3	$ 108.7	$ (139.2)

(a) Other changes in fair values include the effects of changes in market prices, inflation rates and interest rates, including those based on models, on new and existing contracts.
(b) Net unrealized losses (gains) on contracts that have received regulatory approval for recovery in rates are included as a regulatory net asset (liability).

The fair value of derivative instruments is determined using forward price curves. Forward price curves represent PacifiCorp's estimates of the prices at which a buyer or seller could contract today for delivery or settlement of a commodity at future dates. PacifiCorp bases its forward price curves upon market price quotations when available and internally developed and commercial models with internal and external fundamental data inputs when market quotations are unavailable. In general, PacifiCorp estimates the fair value of a contract by calculating the present value of the difference between the prices in the contract and the applicable forward price curve. Price quotations for certain major electricity trading hubs are generally readily obtainable for the first six years and therefore PacifiCorp's forward price curves for those locations and periods reflect observable market quotes. However, in the later years or for locations that are not actively traded, PacifiCorp must develop forward price curves. For short-term contracts at less actively traded locations, prices are modeled based on observed historical price relationships with actively traded locations. For long-term contracts extending beyond six years, the forward price curve is based upon the use of a fundamentals model (cost-to-build approach) due to the limited information available. Factors used in the fundamentals model include the forward prices for the commodities used as fuel to generate electricity, the expected system heat rate (which measures the efficiency of electricity plants in converting fuel to electricity) in the region where the purchase or sale takes place, and a fundamental forecast of expected spot prices based on modeled supply and demand in the region. The assumptions in these models are critical since any changes to the assumptions could have a significant impact on the fair value of the contract. Contracts with explicit or embedded optionality are valued by separating each contract into its physical and financial forward and option components. Forward components are valued against the appropriate forward price curve. The optionality is valued using a modified Black-Scholes model or a stochastic simulation (Monte Carlo) approach. Each option component is modeled and valued separately using the appropriate forward price curve.

PacifiCorp's valuation models and assumptions are continuously updated to reflect current market information, and evaluations and refinements of model assumptions are performed on a periodic basis.

The following table shows summarized information with respect to valuation techniques and contractual maturities of PacifiCorp's energy-related contracts qualifying as derivatives under SFAS No. 133 as of September 30, 2005.

(Millions of dollars)	Fair Value of Contracts at Period-End: Maturity less than 1 year	Maturity 1-3 years	Maturity 4-5 years	Maturity in excess of 5 years	Total Fair Value
Trading:					
Values based on quoted market prices from third-party sources	$ 0.2	$ 0.1	$ -	$ -	$ 0.3
Values based on models and other valuation methods	-	-	-	-	-
Total trading	$ 0.2	$ 0.1	$ -	$ -	$ 0.3
Non-trading:					
Values based on quoted market prices from third-party sources	$ (61.7)	$ (16.7)	$ 13.9	$ 1.2	$ (63.3)
Values based on models and other valuation methods	253.3	181.1	(3.4)	(259.0)	172.0
Total non-trading	$ 191.6	$ 164.4	$ 10.5	$ (257.8)	$ 108.7

Standardized derivative contracts that are valued using market quotations are classified as "values based on quoted market prices from third-party sources." All remaining contracts, which include non-standard contracts and contracts for which market prices are not routinely quoted, are classified as "values based on models and other valuation methods." Both classifications utilize market curves as appropriate for the first six years.

ITEM 4. CONTROLS AND PROCEDURES

PacifiCorp maintains disclosure controls and procedures designed to provide reasonable assurance that material information required to be disclosed by it in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that the information is accumulated and communicated to PacifiCorp's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. PacifiCorp performed an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of PacifiCorp's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, PacifiCorp's management, including its Chief Executive Officer and Chief Financial Officer, concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

During the three months ended September 30, 2005, there was no change in PacifiCorp's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Securities Exchange Act of 1934 Rules 13a-15 or 15d-15 that occurred that has materially affected, or is reasonably likely to materially affect, PacifiCorp's internal control over financial reporting.

PART II. OTHER INFORMATION

INFORMATION REGARDING RECENT REGULATORY DEVELOPMENTS

PacifiCorp's Annual Report on Form 10-K for the year ended March 31, 2005, contains information concerning the federal and state regulatory matters in which PacifiCorp is involved. See "Item 1. Business – Regulation." Certain developments with respect to those matters are set forth below and in "Part I – Item 1. Financial Statements – Note 6 – Commitments and Contingencies," which is incorporated by reference into this discussion. For information about regulatory filings with state public utility commissions and federal agencies related to MidAmerican's proposed acquisition of PacifiCorp, see "Part I – Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Sale of PacifiCorp."